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Explaining the Emergence of Social Trust: Denmark and Germany

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Abstract: »Die Entstehung vom sozialen Vertrauen erklären: Dänemark und Deutschland«. How does social trust emerge in a country? By comparing the cases of Denmark and Germany through six historical phases, we suggest that a plausible explanation is long run political stability. In Denmark, social trust was arguably allowed to accumulate slowly over time and was probably not destroyed up till the universal welfare state of the 20th century. In Germany, however, political instability since the first German state building hampered the emergence and maintenance of social trust, which is why social trust was never allowed to grow in this country.

Keywords: social trust, political stability, welfare state, Denmark, Germany.

I can therefore gladly admit that falsificationists like myself much prefer an attempt to solve an interesting problem by a bold conjecture, *even (and especially) if it soon turns out to be false*, to any recital of a sequence of irrelevant truisms. We prefer this because we believe that this is the way in which we can learn from our mistakes; and that in finding that our conjecture was false we shall have learnt much about the truth, and shall have got nearer to the truth (Popper 1963, 231).

1. Introduction

1.1. The Concept of Social Trust

How does social trust emerge in a country? Why, for example, does Scandinavia hold the highest social trust scores in the world? How has the observed high level of social trust in the Scandinavian countries been generated (Svendsen and Svendsen 2010)? In this article, we will try answer these questions by

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referring to Denmark as a typical Scandinavian country and Germany as a contrast to it.

The World Values Survey standard measure of social trust, which is the questionnaire item “Generally speaking, would you say that most people can be trusted, or that you can’t be too careful in dealing with people?” indicates the current amount of social trust in Denmark and Germany. Even if social trust can be considered a broader concept, an empirical research has used this operationalization extensively (Paldam 2009). The big puzzle is that although the two countries are geographically close and share many cultural traits (including closely related languages), *they vary substantially in terms of social trust*, see Table 1.

Table 1: Population Weighted Percentage of People who State that “most people can be trusted” in Denmark and Germany

	Year/Wave				
	1981-1984	1989-1993	1994-1999	2000-2004	2008
Denmark	51	58	-	67	76
Germany	-	35	38	35	39

Data source: calculated from the world values surveys, Waves 1-5.

A comparison of the percentage of Danes who state that most people can be trusted with the percentage of Germans who share this opinion reveals a relatively time invariant gap between the two countries. Offering an explanation for this variation could help fill a gap in the literature on the historical roots of social trust, which contains several competing theories.

1.2. Literature Review

Social trust is a key concept in the social sciences that is tightly associated with similar concepts such as social capital (Coleman 1988; Bourdieu 1986) or social networks (Lin 2001; Son and Lin 2008). Social trust is important because it is closely linked to societal goods such as economic growth and low corruption (Bjørnskov 2009). Although an unequivocal definition does not exist, it is generally agreed that social trust comprises fundamental principles of social interaction such as reciprocity, solidarity and fraternity (Svendsen and Svendsen 2009). At the empirical level, a distinction is often made between political and social trust resembling the difference between trust in institutions (also termed institutional trust and trust in people (Ostrom and Ahn 2009)). The term *social trust* does not mean that people trust each other personally simply because they know each other well (which would be labelled specific or particularized trust). Instead, social trust denotes a much broader assessment of how trustworthy people are *in general*. Hence social trust reflects both a person’s more or less optimistic expectation of the interaction outcome with others and the underlying understanding of how the social fabric of society works. Particu-

laristic trust and social trust are distinct concepts that might relate to each other but are based on different elements. Particularistic trust refers to assessments of specific persons (leading to the evaluation of the situational risk and the degree of one's own vulnerability), while social trust does not refer to specific persons at all. This has different consequences on the behavioural level. While particularistic trust reduces transaction costs in small groups or within dyadic relationships, social trust supports solving problems of collective actions (Ostrom and Ahn 2009).

Among the most dominant theories we find Putnam's explanation that social trust is built bottom-up by ordinary citizens in voluntary civic associations (Putnam 1993). In recent years, however, Putnam's approach has been criticized for one-sidedness (e.g. Portes 1998; Kumlin and Rothstein 2005), or has simply been abandoned (e.g. Newton 2007; Bjørnskov 2009). This has given room for alternative explanations, such as the impact of socialization (e.g. Dohmen et al. 2008), culture (e.g. Uslaner 2002, 2008), religion (e.g. Delhey and Newton 2005; Weber 2009), network types in the form of bridging, bonding or linking (Putnam 2000; Svendsen and Svendsen 2003; Svendsen 2006; Patulny and Svendsen 2007) and the quality of state institutions (e.g. Rothstein 1998, 2009). Also the state's role in promoting the public good of social trust is now eagerly discussed (e.g. Herreros 2004, 2009).

Bottom-up explanations have thus given way to top-down explanations with the concomitant belief that state policies and institutions can change society radically, and within a reasonable time horizon. Here the beneficial effects of welfare state institutions have been stressed. For example, Rothstein and others have argued that in the Scandinavian countries, the invention of the universal welfare state was conducive to high levels of social trust (Rothstein 2003).¹ As we see it, this argumentation does not necessarily cancel the Putnamian civic society argument, as formal and informal institutions may interact in an ongoing feedback effect process. As Putnam (1993, 184) explains: "Most institutional history moves slowly [and] history probably moves even more slowly when erecting norms of reciprocity and networks of civic engagement" (Putnam 1993, 184). This may indeed be the main explanation why the Scandinavian countries enjoy high levels of trust which, to some degree, have insulated them from non-cooperative behaviour and free-riding.

Mediating between these two theoretical positions, we argue that while institutional quality and equal access to public goods matter for social trust, history matters as well. Hence *informal* institutions may gradually become codified into formal institutions in the course of history (cf. Putnam 1993; Fukuyama

¹ Advocating for this top-down approach, Kumlin and Rothstein (2005) have criticized Putnam's civic society approach, turning the institutions matter argument into the policy recommendation that when investing in social trust, governments should increase "the quality of political institutions" rather than support voluntary civic associations (op.cit. 362).

1995). In the words of Weber, “the legal guarantees and their underlying normative conceptions were slowly developed, the former following the latter, on which they were based” (Weber 1976 [1922], 332). That is to say that in the course of history, informal institutions tend to be formalized into specific rules of the game, which serve to maintain and, perhaps, further accumulate social trust; or in case of institutional break-downs and political anomie to *ruin* a norm-based informal institution as social trust. In this article we therefore combine Rothstein’s institutions matter idea with Putnam/Fukuyama/Weber’s history matters idea to explain why a “trust excellence” emerged in the Scandinavian countries but *not* in Germany, their neighbour to the south.

What we propose, then, is that the contemporary social trust gap between Denmark and Germany can be partly explained by their diverging political histories or, more specifically, by the differing number and lengths of *politically unstable periods* that have hampered the emergence and cultivation of social trust. In line with the long-term view of our analysis, political instability is associated with the continuity of a political system (Lipset 1960), including events of political and social unrest (Siermann 1998). Wars, revolutions and civil upheavals – like those we are witnessing in Muslim North African and Middle East countries (spring 2011) – are of particular interest, as they usually affect nations as a whole and therefore tend to have influence on the level of social trust and, ultimately, on formal institutions, including a nation’s ability to produce public goods.

1.3. Methodological Implications

We choose Germany for comparison because this nation is rich in historical examples of how government institutions changed the opportunity to acquire, maintain and destroy social trust. In fact, the case of Germany illustrates a historical situation in which politically unstable conditions were structurally reinforced over the centuries. From a methodological point of view, such case studies are “[...] particularly valuable when the evaluation aims to capture individual differences or unique variations [...]” (Patton 2002, 55). In that vein, we apply a “contrast of contexts” (Skocpol and Somers, 1980, 178) to “[...] make use of comparative history to bring out the unique features of each particular case included in their discussions, and to show how these unique features affect the working-out of putatively general social processes.” Many scholars like Weber, Durkheim or Bendix have made such a historical comparison. It is usually done by juxtaposing individual cases, and in this way the historical particularity of each society is sufficiently respected. As Bendix (1976, 247) puts it:

By means of comparative analysis I want to preserve a sense of historical particularity as far as I can, while still comparing different countries. [...] I want to make more transparent the divergence among structures of authority and

among the ways in which societies have responded to the challenges implicit in the civilizational accomplishments of other countries.

The methodological idea of contrasting contexts is to adopt a historical perspective on societies to point out their differences (Collier 1993; Munck 2004).

In order to narrow the potentially huge research focus in this paper, we primarily scrutinize the relationship between state and citizens rather than cultural differences (Baker and Faulkner 2009). Arguably, the amount of social trust is partly determined by contemporary and short-term factors such as catastrophes like the plague or natural disasters. But there are also long-term influences that form a stable ‘underlying rock’ of social trust in any society, including a political stability secured by formal institutions that are firmly embedded in shared norms. In a historical perspective, these trends become visible even if they are only seldom verifiable by a quantitative statistical or macro-causal analysis (Skocpol and Somers 1980).

1.4. Findings

Our explanation for the divergence in social trust is found in a comparison of political stability in the two countries across six historical phases. We demonstrate how social trust was *not* destroyed in Denmark but rather further cultivated and codified through history as a result of positive feedback effects. In contrast, Germany has long suffered political instability, which presumably has prevented a steady accumulation of social trust over time. Overall, we attempt to solve an interesting and complex problem by proposing a “bold conjecture” (Popper 1963, 231), fully aware of the overt risk of “conjectural history” this involves.

2. Political Stability in Denmark and Germany

2.1. State-Building

Early state-building, i.e. monopolization of violence, in Scandinavia took place during the Viking Age from about 780 to 1080. The Danish King Godfred (†810), who ruled at least the southern part of present Denmark, is the earliest known state-builder in Denmark. State-building enabled Viking chieftains to build organizations that could offer solutions to collective action problems, by accumulating revenue from sources ranging from simple plunder to extortion of tribute and taxes, as well as by selling their services. In other words, they provided protection and law enforcement, engaged in public works, supported the growth of trade, etc., while simultaneously reaping rents for themselves. Increased production and trade in turn increased their tax collections (Kurrild-Klitgaard and Svendsen 2003; Jensen 2006). When trade flourished after state-building in the Viking Age, the evolving trust-based trade norms were increa-

singly institutionalized in legislation and the political system, culminating in the modern welfare state after World War II. Hence the modern Scandinavian universal welfare state may simply be deeply embedded in old and politically stable monarchies allowing a historical accumulation of social trust.

State-building in Germany took a completely different path. In the early middle-ages, several loosely connected tribes lived alongside each other on a large territory in the west-middle part of Europe. The history of Germany is related to the development of these tribes and, therefore, related to the expansion of these distinct areas and groups. Rivalry among local leaders, quarrels between German nobles and a politically fragmented situation are recurrent themes in German history.

Some historians relate the foundation of the first German state to Charlemagne (Karl der Große, 747-814), son of the Carolingian King Pepin (Hodges and Whitehouse 1983). During his reign, several distinct German tribes were assembled such as the Saxonians and the Bavarians. When Charlemagne died, he left an Empire that was eventually split up by his heirs into eastern, middle and western kingdoms (Treaty of Verdun 843). Since all German tribes united during the period of Conrad I and Henry I, some historians consider the foundation of the first German state to have taken place in that period (Solsten 1996, 8). German monarchs in the Middle Ages did not focus on a single capital for spreading their power across their dominion. Instead they frequently visited places or cities that in turn became centres of “[...] political life and venues for the assemblies, legal proceedings, and ceremonial occasions through which royal power had its most direct and visible impact upon the populace of their realm” (Warner 2001, 13). Solving problems of collective action by relying on the monarch’s authority was, therefore, more difficult, the farther a community was located from the centres of political life. This also implies that it was difficult – most often impossible – to enforce codifications of “national” law and order in peripheral regions.

2.2. Early Feudalism

The first phase after the Viking Age can be termed *early feudalism*. It existed from the 12th century to about 1300 and was characterized by weak kings who were strongly dependent on faithful warlords (vassals). The king was forced to participate in regular, institutionalized meetings with his vassals and subsequently confirm his promises in coronation charters or *Håndfæstninger* (lit. handshake agreements) (cf. Knudsen 1995, 109). This system was not unusual in Europe; keep in mind, however, that feudalism had a weak impact in Denmark as well as in the rest of the Nordic countries. In contrast to Western and

Southern Europe, the Scandinavian areas, not least Sweden,² largely remained consensus societies with high levels of social and economic equality. Also note that norms were gradually codified in formal institutions, for example legislatures.

While the situation in Scandinavia might be characterized as consensual and equal, the opposite was true in Germany. Feudalism in Germany became the predominant form of political organisation during first centuries of the Middle Ages. It was a way to establish a net of personal relationships from the location of royal presence to subordinates in the far distance and solved the problem of spreading the ruler's will across less reachable areas. Feudalism implied economic connections between lords and peasants but also obligations to military services, so that the collective security problem was solved to some degree (Janowitz 1976). Otto I's rise to the throne in 939 was the beginning of an era labelled *after* the Middle Ages the "Holy Roman Empire of the German Nation". At the beginning of the Millennium, this Empire extended from the north, with a border to the Kingdom of Denmark, to the south, covering the northern part of Italy with a vague border below Rome. Due to tight political connections and interests between the state and the church, the Pope crowned monarchs of the Middle Ages to Emperors as successors to Charlemagne and the Roman Emperors. Because of this status dependence, German monarchs had to regularly step into Italian polity matters in order to maintain their authority (Solsten 1996, 9). Going to war at the border of the Empire or staying in Italy at the expense of neglecting political matters in the northern parts of Germany could, however, imply social upheavals. The domestically unstable situation was defused somewhat when monarchs of the Hohenstaufen dynasty ascended the throne of the German Empire in 1138. In those times, the Empire territories took an economic upswing due to technological improvements (such as the horse cart), leading to subsequent population growth. But the tensions between the Emperor and German nobles remained.

2.3. The Assembly of the Estates Era

The Assembly of the estates era is the period from c. 1300 to the establishment of absolute monarchy in 1660. It was characterized by regular assemblies of the estates of the realm, securing significant political power to an assembly of representatives from all ranks as a kind of "people's representation" (Knudsen 1995, 28). Also the so-called Council of Denmark (*Rigsrådet*) was established, with the participation of some of the most powerful magnates and noblemen. The assembly included peasants, but only in a symbolic role. In Sweden, to compare, the assemblies were held until 1866 (the last assembly of the estates

² That is why Sweden has been termed "the strong society" based on *samförstand*, i.e. strong cooperative norms (Knudsen 1993, 57; 1995, 77ff.).

of the realm in the world), including representation by peasants (Knudsen 1995, 31). Later on, political influence was gradually monopolized by the empire council, and the last assembly was held in 1536 (Knudsen 1995, 109; Pulsiano and Wolf 1993). In contrast to the previous meetings between king and vassals, the new assemblies worked in accordance with “detailed, written rules that described how the discussions should take place, how decisions should be made, and how decisions should be assigned the emperor” (Knudsen 1995, 29). Furthermore, while previously a dozen powerful vassals and the king had been united in a network based on strong, personal relationship – with the king in the role as the first among equals and the network safeguarding their own personal interests more than anything else – the assembly representatives did not know the king personally and stood before the king as “the representatives of the territories” (ibid.).

The German kings of this time were only seldom able to maintain peace between the territories in their realm (Press 1994). Local nobles and leaders became responsible for keeping order within their regions (Contamine 1986, 78). It was accepted, however, to start a conflict with other dukes of the Empire and even with sovereigns outside the Empire. In the late Middle Ages, the eastern border of the Empire became an important place for settlement and the foundations were laid for two regions which would become decisive political forces for Germany in the 19th century: Prussia and Brandenburg. By the end of the Middle Ages, Germany was run on two political levels, precursors of the political structure of modern Germany. In diet of provinces (*Landtage*), princes and wealthy nobles met to coordinate regional matters such as setting tax rates. In imperial assemblies (*Reichstage*), the Emperor, princes, clerical leaders and spokespersons of imperial towns took care of federal matters. In the later Middle Ages, an extensive codification of law began even when legal enforcement was usually a regional matter (Holborn 1982, 28). Around 1300, almost every region held its own jurisdiction and laws, inspired by former tribe rules and regulations and – in the later Middle Ages – by Roman law.

2.4. Late Feudalism

With the introduction of absolute monarchy in 1660, the king formally became the sole ruler. In practice, however, he had to follow the so-called *Lex Regia* (King’s Law) of 1665, the only written constitutional law of an absolute monarchy in Europe at that time. For this and many more reasons mentioned below, the period might be termed *Soft feudalism*. It ended in a bloodless transition to constitutional monarchy based on the Constitution of 1849: “When the autocratic monarchy fell, it was without any bloodshed whatsoever, similar to what was the case when it was introduced [in 1660]” (Knudsen 1993, 91). Hence Copenhagen became the “only capital in Europe where not a single shot was fired, in spite of political unrest” (Ibid.). This stands in contrast to the

many bloody revolutions in the German-speaking states that year. During the period 1660-1848, a further step towards institutionalization was taken with the introduction of the above-mentioned famous constitution *Lex Regia*, a further development of the *Håndfæstning*. At the time, the state system was costly; however a centralized state was greatly enhanced, enjoying strong legitimacy in the population. It was equipped with loyal, skilful and non-corrupt state employees, mostly highly educated people from the urban bourgeoisie, and overall constituted a modern and effective state apparatus (e.g. regarding taxation and recruitment of soldiers) – at least compared to many other countries at the time (Knudsen 1993, 88, 84). Also at this time, the old norm, “a word is a word”, was inscribed in the constitution. Danish Law of 1683 states that “Everybody has a duty to fulfill what he with mouth, hand or seal has promised” (Fifth Book, Chapter 1,1), and that “all contracts (...) should be kept in all their words (...), in which they have been agreed upon” (Fifth Book, Chapter 1,2). Later on, the autocratic monarchy showed a remarkable ability to test and implement new reforms – hence the name “the reform-friendly autocracy” (*Den reformvenlige enevælde*). This includes recruitment of Germans to the state bureaucracy, a poor people’s law of 1708 and, not least, a major agricultural reform implemented in the late 18th and early 19th centuries. Old virtues of equality and peaceful cooperation could also be seen in a “balanced relationship of mutual dependence” between feudal landowners and peasants, in contrast to what was the case in countries like Prussia and Russia (Knudsen 1993, 79).

The situation in Germany did not turn out so peacefully in the same age, resulting in some retrograde steps for the development of precursors of social capital. At the beginning of 1500, political and juridical structures were reformed and became clearer, though. Under the Habsburg dynasty, which ran the Empire from the mid-15th until the 19th century, several reforms were initiated during the Imperial Diet of Worms in 1495. The Diet of Worms also introduced the idea that no one should carry on a feud with somebody else in the Empire (*Landfrieden*), which points to the fact that the “Holy Roman Empire of the German Nation” could now be regarded as a nation. Interpreting the *Landfrieden* as a forerunner of the modern notion of “rule of law” and, therefore, as a precondition for typical forms of social trust is probably a stretch. In fact, it was merely the first attempt to centralize the monopoly by use of force – an attempt that did not work out so well for about 150 years. Domestic strains and tensions continued. Due to the relatively large German territory, its indistinct borders and the complex and still unstable power distribution, the religious Reformation, triggered by Martin Luther in 1517, aggravated the political situation and did not contribute to broader German unity or religious forms of social capital. When the Counter-Reformation started in 1545, Germany was split into two religious areas: Protestants lived predominantly in the North and in parts of Central Germany, Catholics in the western and southern parts of

Germany. The Peace of Augsburg in 1555 attempted to end the conflict but did not succeed. It also introduced the rule that a prince was allowed to decide which religion should reign in his territory (*cuius region, eius religio*). This political decision still affects Germany with its local Protestant and Catholic patches. The first reflections of social trust regarding the promotion of public welfare such as taking care of needy people took place in local regions. The variation in the quality of public goods such as infrastructure was extreme. The most devastating conflict of that time, the Thirty Years War, was preceded by renewed peasant uprisings and a long period of economic recession. The war was not only an economic catastrophe; it shaped Germany as a patchwork of small, heterogeneous states. Among the German minor states, Prussia and Austria under the Habsburgs emerged as superior powers over the next 100 years. There are some precursors of social movements and voluntary work regarding provision of public goods after the Thirty Years War. But in accordance with the zeitgeist of the post-Reformation 17th century, those forerunners appeared only seldom and were isolated. Civic engagement and social trust were counteracted by the continuous religious quarrels and the limits of minor state politics. For instance, Philipp Jacob Spener, a Lutheran theologian, who founded the German Pietist movement, and August Hermann Francke, the head of the Prussian Pietist movement, managed to establish elementary schools for poor children and orphanages following the Dutch example. They were able to finance these projects through private sponsors but only in cooperation with the Prussian government (Gorski 1999, 293).

In sum, the political and social developments in Germany during this period were followed by more political unrest than in Denmark; particularly events which affected both nations simultaneously (like the revolutions in 1849/49).

2.5. Liberal-Capitalist State

During the 19th century, social trust was not only preserved, it simply became the stable and ‘underlying rock’ under a rapid accumulation of social trust in the form of widespread networking to the benefit of the whole kingdom. This happened with the introduction of a liberal-capitalist state – that is, a political system which firmly institutionalized basic civic rights and thus allowed for a flourishing civic society and widespread provision of public goods (i.e. *not* destroying or forcing, but simply facilitating civic engagement). Already during the late 18th and 19th centuries, social trust building was promoted by a codification of cooperative norms, that is, positive feedback effects confirming and reinforcing an ancient trust culture. Among the most important are the Law of Abolition of the Adscript of 1788, implementation of major land reforms about 1800, stimulating former serfs to become free peasants, a new constitution of 1849 securing basic freedom rights for all citizens, social reforms in the latter part of the century, and the introduction of a parliament in 1901 (see also

Svendsen and Svendsen 2004). In Denmark, the emergence of civic engagement in 19th century “era of associations” (*foreningstiden*) has three characteristics. First, during the first part of the century the large majority of associations were established by peasants. Second, nearly all were financial associations (mostly savings banks and assurance associations), i.e. voluntary cooperation aimed to provide mainly private goods. Third, during the second part of the century the associational model was transformed into a cooperative association model (*andelsforening*) providing private as well as public goods, and leading to a general increase in human capital, organizational training, political influence, shared buildings. This process kick-started economic growth in agriculture and it was greatly beneficial to Danish economy as such. In sum, the 19th century became a glorious civic century not only in Denmark but in all of Scandinavia. A myriad of voluntary associations were established across social cleavages, i.e. by people who formerly did not cooperate, giving rise to concrete trust and provision of private goods – as a means simply to survive. However, from the middle of the century these associations gradually transformed into cooperative associations and, hence, public good provision. As such, the fully voluntary Danish cooperative movement should be seen as an important element in the building of a Danish welfare state after World War II (Svendsen and Svendsen 2004).

Again, the situation in Germany was different. When the last Emperor of the Holy Roman Empire of the German Nation resigned in 1806, the Empire was disbanded. Germany was still a patchwork of small state-like territories with Prussia and Austria outdoing all others. In the 18th century, both nations had been involved in several military conflicts which in 1871 led to the German Empire which was – for the first time in history – a real unification of Germany with a homogenous administration (Blaschke 2005). For the development of social trust it is noteworthy that Prussia initiated educational and political reforms in the early 19th century which motivated the foundation of social movements and voluntary welfare associations (Gray 1986). The state provided support for the associations but installed supervision as well because the associations also served as vehicles for change and influence via the aforementioned top-down strategy (Schmidt 1995, 97). But the government was not solely a promoter for the emerging civic society in Germany since voluntary associations supported the bourgeois pursuit of economic and social interests (Berman, 1997, 408). Since Germany was still characterized by different areas, the German *Verein* for Private and Public Welfare was created to support the welfare activities on the local level (Frohman 2008). With Germany’s new identity, norms of cooperation were transferred from the local to the national level, but this process has been hampered by ever present regional interests through the centuries. It can be assumed, therefore, that due to this historical mark and due to a close link between state and voluntary work, incidents of

political instability such as wars or political situations of crisis hampered the formation and maintenance of social trust.

2.6. The Welfare State

As stated by several scholars (e.g. Knudsen 1995; Rothstein 2005), broad political consensus about codifying social, political and civil rights for *all* citizens seems to be at the core of developing the Scandinavian universal welfare states after World War II. In Denmark, old norms of cooperative behaviour and mutual trust were reflected in major social reforms during the 1970s, providing economic security for single mothers, disabled, disability pensioners, uninsured unemployed, etc. These laws should be seen as a further formalization and specification of previous codifications of civil rights in the 19th and early 20th centuries, such as those found in a very liberal Danish Constitution of 1849 introducing voting rights, freedom of speech and the right to free assembly, or the first mandatory school system in the world in 1814.

Unlike in Denmark, political consensus on codifying civil rights for *all* citizens occurred in Germany for the first time explicitly after World War II. Despite earlier attempts, such as during the Weimar Republic in 1919, the period from the beginning of the German Empire in 1871 to the end of the totalitarian Nazi rule in 1945 was characterized by continuous changes and political instability. By the end of World War I, the German Empire dissolved, leaving space for democratic improvements by new political establishments. The Weimar Republic itself was not as stable as expected and finally led to Hitler's dictatorship. The concept of social trust is hardly applicable to the Nazi period as the government stirred up mistrust towards certain minorities (such as homosexuals) and groups (like the Jews). The idea of voluntarism and social trust was strictly interpreted in terms of community (*Gemeinschaft*), self-help and in the light of Darwin's ideas of the survival of the fittest. As a consequence, social trust was systematically destroyed and increasingly replaced by harmful bonding networks. Organizations or groups that were willing to cooperate and suited the Nazi ideology were integrated, all others forbidden or sanctioned. All aspects of welfare became either a direct matter of the state or, at least, state controlled. When the Nazi regime ceased to exist by the end of World War II, a period of continuous political and economic stability began. The contemporary federal political system in Germany still reflects the historical fragmentation but – for the first time in social history – social movements and voluntary grass root activities led to social change bottom-up (such as the students' movement or the peace movement) or to an intellectual reorientation by the 1968 left-wing revolution. The long lasting top-down impact of social modernization by governmental bodies was finally broken and substituted by a mutual system of social influence. But even when Germany was able to initiate an incredible catch-up process regarding positive political, economic and social conditions in

the last 50 years of the 20th century, the amount of social trust is still significantly lower than in Scandinavia.

3. Conclusion

Our motivation for writing this paper was to explain the emergence of social trust. The starting point was the huge contemporary gap in trust levels between high-trusting Denmark and low-trusting Germany. We suggest that this is due to differences in political histories, where political stability has reigned in Denmark since the Viking Age, while Germany has suffered through centuries of political instability. Hence our main finding is that early state building in the case of Denmark during the Viking Age and the relatively politically stable development since then facilitated public good provision. In contrast, Germany failed to create a political and societal environment that allowed for the development of social trust. Long-run political stability arguably allows a self-reinforcing process over time, when social trust together with other informal institutions is codified in legislature and the institutional setup. While this happened in Denmark at an early stage in history, the rivalry between the emperor and the German nobles, a steady political and – from the end of the Middle Ages – religious fragmentation combined with a susceptibility to go to war (due to external or internal challenges) *destroyed* social trust and hampered the development of stable institutions that might preserve the remaining small amount of generalized trust.

There are arguments against our contrast-oriented historical comparison. A holistic description of a country's history necessarily re-evaluates the temporal sequence of events higher than the explicit development of theoretical causalities as "[...] the chronological account, 'telling the story,' is allowed to suffice as the mode of conveying understanding of what happened and why" (Skocpol and Somers 1980, 193). However, since this paper focuses on positive social processes which allow the emergence and maintenance of social trust, the study does not fall prey to the usual criticism that dependent and independent variables cannot be separated. One might further complain that Germany has taken a special path (*Sonderweg*) in history (particularly in modern times) and therefore is hardly comparable with other countries.³ This argument would in fact reinforce our contrast-shaped view as the German particularities allow for an extreme case comparison of conditions that influence social trust (Yin 1989).

Regarding the potential drawbacks of our analysis, an important policy implication could be that nations and regions secure political stability in order to

³ The idea of a German *Sonderweg* has been discussed by historians for several years (Dahrendorf, 1968; Blackbourn and Eley, 1984).

achieve the extra gain of social trust. This is one more reason for political decision-makers to actively promote political stability in any society, for example by identifying and building upon cultural-institutional templates identified in a nation's – or area's – history like the Michaelmas Revolution in Hungary in 1918, the civic movements in Denmark, US and many CEEC countries during the 19th century, the glorious revolution in England in 1688, the Axumite kingdom in Ethiopia from the 1st century or the North African Maghreb traders from the 7th century.

Our findings indicate that it takes a long time to accumulate social trust – about 1000 years in the case of a Scandinavian country like Denmark. It may, however, take a radical government (such as the Nazi regime) a very short time to destroy it.

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